



MISSION STATEMENT

Southwestern Power Administration's mission is to market and reliably deliver Federal hydroelectric power with preference to public bodies and cooperatives. This will be accomplished by maximizing the use of Federal assets to repay the Federal investment while balancing power needs with the diverse interests of other water resource users, and implementing public policy.

FOREWORD

For more than half a century, the Southwestern Power Administration has had a history of successfully marketing and transmitting the nation's hydroelectric power to meet our customer's changing needs and to repay the investment in the Federal hydropower system.

In recent years the strategic planning process has been an even more important factor in fulfilling our mission. Strategic planning continues to keep Southwestern focused on its core business functions, while helping us to adapt to a rapidly changing industry and government.

The fact that the entire electric utility industry is being deregulated and restructured makes proactive, well-thought-out planning absolutely essential.

This revised Strategic Plan is a further refinement of our 1996 Plan, responding to these changes. Accordingly, Southwestern has also chosen to revise its mission statement, in such a way as to reflect our unique position within this industry.

"Doing the right things right" will ensure the longevity of Southwestern as a significant contributor to the U.S. Department of Energy's strategic mission and as a participant in the new competitive environment.

Michael A. Deihl
Administrator

SOUTHWESTERN'S VISION

Southwestern has an open and trusting partnership with its customers in meeting their business expectations for operation of the Federal hydropower system and with the American public in meeting its financial obligations while providing good stewardship of regional water resources. The Southwestern work force is cost-conscious, team-based and empowered to meet customer expectations.

STAKEHOLDERS

Stakeholders are organizations which affect or are affected by the products and services Southwestern provides. They are:

- Customers
- The Department of Energy
- Federal and contract employees
- Congress and the American public
- The utility industry
- Water resource interests
- The U. S. Army Corps of Engineers
- The Office of Management and Budget
- Other Federal agencies

CORPORATE VALUES

- Meet financial obligations to the American public
- Give customers' power needs top priority
- Provide the American public responsible stewardship of the nation's water resources
- Treat everyone as a customer with courtesy, respect, and honesty, while recognizing individual needs
- Meet expectations for quality, costs, and schedules, using good business practices
- Help each other develop professionally
- Maintain a safe and productive work environment

Important to the Nation's prosperity is the availability of reliable, reasonably priced energy. Trends indicate continued growth in the demand for energy for the foreseeable future. Southwestern has an important role to play in providing the public with clean, environmentally safe, hydro-electric energy.

Strategic Goal #1

Market and deliver all available hydroelectric power from U.S. Army Corps of Engineers dams while balancing power needs with the diverse interests of water resource users.

Objective 1

Assure all power and energy is marketed with preference to public bodies and cooperatives.

Performance Measurement

Market 100 percent of firm capacity and associated energy to public bodies and cooperatives in accordance with Southwestern's marketing plan.

Objective 2

Provide economic benefits while assuring repayment of the Government's costs.

Performance Measurement

Produce \$408.6 million in regional economic benefits under average water conditions.

Objective 3

Provide environmental benefits by reducing the use of non-renewable resources.

Performance Measurement

Save 9.2 million barrels of oil, 207 tons of coal, or 56 billion cubic feet of gas under average water conditions through hydropower generation.

To Southwestern's electric power customers, reliability means consistent, ongoing service on demand throughout the year. To meet customers' expectations, Southwestern must operate its system in ways that assure a high level of reliability, safety and cost effectiveness.

Strategic Goal #2

Operate and maintain a Federal transmission system to assure reliability of the system while meeting utility safety standards and encouraging competition through open access to facilities.

Objective 1

Provide reliable deliveries of electric power to customers.

Performance Measurement

Achieve a System Average Interruption Duration Index (SAIDI) of not more than 150 minutes of total preventable outages per year per delivery point.

Objective 2

Operate the electric system to assure efficient matching of generation to load.

Performance Measurement

Achieve a power systems control area compliance rating of "pass" using the NERC performance standard.

Objective 3

Operate and maintain the transmission system safely.

Performance Measurement

Maintain a safety record of a lost time injury frequency rate at or lower than the industry average.

Objective 4

Provide open access to transmission facilities to encourage competition.

Performance Measurement

Implement open access tariff.

Southwestern has a statutory and administrative requirement to repay the U. S. Treasury for the Federal investment in its hydroelectric power systems. To this end, Southwestern will continue to develop ways of using its assets to increase revenues.

Strategic Goal #3

Maximize the use of Federal assets to repay Southwestern's investment (principal and interest) as well as operation and maintenance costs of the Federal power system.

Objective 1

Assure that the Government's hydropower costs are repaid according to sound business principles.

Performance Measurements

Perform annual Power Repayment Studies to assure that the cumulative status of repayment remains on schedule.

Achieve an annual debt service coverage ratio of 1.0 based on average water conditions.

Achieve a 40 percent ratio of cumulative principal payments to total Federal investment based on average water conditions.

ANNUAL PERFORMANCE PLAN

The Government Performance and Results Act of 1993, Section 1115, requires an annual performance plan to be set forth in the budget of the U. S. Department of Energy. Southwestern's annual performance plan submitted with the annual budget will contain performance measurements that support the goals and objectives in this strategic plan.

RESOURCE REQUIREMENTS

Southwestern can only achieve its goals and objectives with adequate financial, human and technical resources.

In 1996, Southwestern implemented Organization 2000+, a management strategy designed to ensure the interest of Southwestern and its employees. Organization 2000+ represents a multi-year perspective and will be considered a planning document to focus on personnel and budget decisions. It will also be adjusted as conditions and time require.

KEY EXTERNAL FACTORS

The electric utility industry is highly technical, complex and competitive. Hydropower represents one of the most environmentally clean and safe sources of electric energy. There are a number of external factors beyond Southwestern's control that could significantly affect the achievement of strategic goals. These factors include:

- The amount of rainfall
- Regulatory actions that have far-reaching impacts on the electric utility industry
- Control of power generation equipment by the U.S. Army Corps of Engineers, and the allocation of equipment costs and services which impact the costs Southwestern must recover through its rate structure
- Demand for energy

PROGRAM EVALUATION

Program evaluations are conducted by Southwestern for its own benefit, and the benefit of customers and stakeholders. Annual program reviews are a part of the ongoing strategic planning process and the annual performance plan which is submitted with the budget.



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